

CLEARFIELD CITY COMMUNITY DEVELOPMENT AND RENEWAL AGENCY
MEETING MINUTES
6:00 P.M. WORK SESSION

April 29, 2014

(This meeting was held following a CDRA special session.)

PRESIDING:	Bruce Young	Chair
PRESENT:	Keri Benson	Director
	Ron Jones	Director
	Mark Shepherd	Director
EXCUSED:	Kent Bush	Director
	Mike LeBaron	Director
STAFF PRESENT:	Adam Lenhard	City Manager
	JJ Allen	Assistant City Manager
	Brian Brower	City Attorney
	Greg Krusi	Police Chief
	Eric Howes	Community Services Director
	Scott Hodge	Public Works Director
	Kim Dabb	Operations Manager
	Scott Hess	Development Services Manager
	Rich Knapp	Administrative Services Director
	Jessica Hardy	Budget Analyst
	Nancy Dean	City Recorder
	Kim Read	Deputy City Recorder

VISITORS: Kathryn Murray, Ernie Higham

Chair Young called the meeting to order at 6:20 p.m.

DISCUSSION REGARDING A POSSIBLE LAND LEASE WITH ALBION LABORATORIES

JJ Allen, Assistant City Manager, shared an illustration identifying City property near the Albion Laboratories properties along North Main Street. He briefly explained the business of Albion Labs and indicated it was in need of additional parking. He referred to the illustration identifying Albion's parking lot and the adjacent property owned by the CDRA. He announced Albion had expressed interest in leasing the property for the purpose of additional parking.

Brian Brower, City Attorney, mentioned Albion might be interested in either purchasing or leasing the property for expansion sometime in the future; but the discussion tonight would be as to how long the CDRA would want to lease the property for the use of parking. He suggested it would be in the City's best interest to accommodate Albion's request to discourage their expansion or relocation somewhere other than Clearfield.

Mayor Shepherd requested clarification regarding the CDRA's small parcel in conjunction with the existing vacant building, Albion's current parking lot and the Knight property. Mr. Allen referred to the illustration pointing out the City's square parcel was a lot that consisted of weeds which required maintenance. He clarified the small narrow piece of property was currently owned by the Knight's and the vacant building was currently owned by Tom Baker.

Mr. Allen inquired if the CDRA would want to lease the lot to Albion for a small lease payment. Adam Lenhard, City Manager, explained the CDRA had received offers for its property in the past and had intentionally retained it to accommodate redevelopment of the entire area. Mr. Allen suggested it would be in the CDRA's best interest to exclude the use of the parking lot for the current vacant building which had been previously used as a tattoo shop.

A discussion took place regarding possible lease figures and Mr. Brower explained possible options for the Board to consider. Director Jones suggested the CDRA approach Albion requesting they submit an offer and go from there.

Mr. Allen asked if the Board wanted him to approach Albion with a proposal to lease the property by asking it to make an offer for the lease. Director Shepherd suggested the City reserve the right to terminate the lease and offer reimbursement of the improvements on a depreciation basis should the CDRA terminate the lease. Mr. Lenhard requested opinions and input regarding Albion's possible proposal for purchasing the parcel. Director Shepherd suggested a first right of refusal for the Board be included in the purchase agreement if Albion wanted to purchase the property. Mr. Allen mentioned the proposal for purchasing the property could be contingent upon Albion purchasing the Baker property and demolishing the vacant building. The Board expressed agreement with that suggestion. Mr. Allen stated he would first approach Albion requesting they make an offer for leasing the CDRA's parcel for the purpose of a parking lot.

DISCUSSION ON THE 2014/2015 FISCAL YEAR BUDGET

Adam Lenhard, City Manager, referred to the proposed budget document which identified those items which had been eliminated. He shared a visual illustration specific to the CDRA areas and reviewed how the City received the tax increment associated with the designated areas.

Kim Dabb, Operations Manager, arrived at 6:40 p.m.

Mr. Lenhard identified the EDAs which had expired and from which the CDRA no longer received any tax increment revenue. He explained expenses associated with the RDAs and reminded the Board about the loan from the Enterprise Fund which had taken place a sometime ago. He stated funds had been used for property acquisition and various other projects and commented a more detailed discussion would take place later in the meeting.

Mr. Allen reviewed the projected revenues based upon what was received in FY2014 and mentioned it was anticipated that revenues specific to EDA 3 (ATK), would actually be higher. He stated revenues associated with the other project areas were declining due to the reduction in the assessed valuation of the project areas. He pointed out this was a concern to staff and mentioned it made it difficult to predict the revenue stream. He emphasized the projected

revenues were extremely conservative. Mr. Lenhard reported the City had lost two hundred million dollars in assessed value over the previous two years. Mr. Allen continued to review other miscellaneous revenue specific to the CDRA. Mr. Lenhard shared a revenue forecast which illustrated projected revenues until the year 2028 and pointed out an \$815,000 debt service payment was obligated for that year and announced the accumulated fund balance would need to be used for that purpose. He again emphasized the projections were based on current tax rates and current assessed values.

Director Jones pointed out based on the illustration there were concerns with FY 2023/2024 and inquired what happened to reflect the decline in revenue. Mr. Allen stated two project areas were due to expire in that year. Director Jones asked if future economic development could potentially affect that projection. Mr. Allen emphasized the projections were as if everything in consideration remained the same as currently realized.

Mr. Lenhard referred to an illustration which reflected the project areas and when they would expire. Mr. Allen directed the Council to each area and its corresponding fund balance. He stated the five pre 1993 RDA project areas' accumulated fund balance would be used in later years to meet the debt service obligation associated with the Aquatic Center. He indicated staff would be paying attention to the fund balances associated with the project areas because the CDRA would need to prove it didn't spend more than it brought in over the 32 years of life of the project area.

Mr. Allen reviewed revenues specific to EDA 2 and announced it was staffs' recommendation to terminate the project area which was identified in the Governance Report for the following reasons:

- Revenues couldn't be utilized to service the debt associated with the Aquatic Center.
- The area was built out commercially with very little options for development and couldn't identify projects within the project area in which to expend the revenues.
- It would demonstrate to the other taxing entities the CDRA recognized it had accomplished all it could in the project area.

He informed the Board that the CDRA would need to go to the Taxing Entity Committee and formalize a multi-year budget if it chose not to terminate EDA 2 and expressed his opinion this would be a tough sell. He explained the process which the CDRA was required to follow in order to terminate the EDA.

Mr. Allen announced there really weren't expenditures except for the debt service associated with the Aquatic Center. He reviewed the proposed projects specific to the RDA budget:

- Demolition of the Youth Resource Center and landscaping of that area
- Davis Behavioral Health demolition
- Gateway improvements

Mr. Allen stated the Enterprise Funds had loaned \$1.2 million to the CDRA for the purpose of acquiring property and various other projects and believed one million dollars was still owed. He reminded the Council of the previously explained graphs and illustrations pertaining to revenues and pointed out the demands associated with Aquatic Center debt service to the CDRA. He believed servicing the Enterprise Fund loan from projected CDRA revenue was highly unlikely.

He explained the process which the City would need to follow in order to forgive the loan and stated it would be staffs' recommendation to proceed with the process to forgive the loan. Mr. Lenhard stated if the loan were not forgiven, the CDRA would need to recognize an additional one million dollars of revenue. He further explained the specific process and requested direction and feedback from the Board.

Director Young inquired if it would be premature to consider such a process at this time. Mr. Allen responded the loan was on the books and the Enterprise Funds would reflect a receivable and the CDRA would reflect a liability. Director Shepherd expressed agreement with Director Young's comment and expressed concern regarding implications to the residents. Director Jones and Benson also expressed agreement. Director Jones inquired why there seemed to be urgency at this time about forgiving the debt. Mr. Lenhard responded it would be cleaner to eliminate the loan from the books from an accounting perspective. He pointed out there was no penalty associated with the wait and see approach. He expressed his opinion that CDRA funds would be more available for economic development uses if it were removed from the books. Mr. Allen indicated the CDRA was paying interest on the loan. Director Shepherd pointed out the City would be asking its residents to approve the RAP tax this year and suggested not proceeding with the forgiving of the loan at this time. A discussion took place regarding postponement. Mr. Lenhard stated this would not affect the City's position to bond in the future.

There being no further business to come before the Community Development and Renewal Agency, **Director Shepherd moved to adjourn as the CDRA and reconvene as the City Council in a work session at 7:07 p.m., seconded by Director Jones. The motion carried upon the following vote: Voting AYE – Directors Benson, Jones and Young. Voting NO – None.** Directors Bush and LeBaron were not present for the vote.

**APPROVED AND ADOPTED
This 13th day of May, 2014**

/s/Bruce Young, Chair

ATTEST:

/s/Nancy R. Dean, Secretary

I hereby certify that the foregoing represents a true, accurate, and complete record of the Clearfield Community Development and Renewal Agency meeting held Tuesday, April 29, 2014.

/s/Nancy R. Dean, City Recorder

